

Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 ISO-00 COME-00 TRSE-00 OMB-01 XMB-04
OPIC-06 AID-05 CIAE-00 INR-10 NSAE-00 L-03 AGRE-00
SS-15 SP-02 NSC-05 /072 W
-----050920 091423Z /43

R 091015Z MAY 78
FM AMCONSUL MILAN
TO SECSTATE WASHDC 5982
INFO AMEMBASSY ROME

UNCLAS MILAN 0705

EO 11652: N/A
TAGS: BEXP, IT, ETRD
SUBJECT: INTERAGENCY TASK FORCE FOR NATIONAL EXPORT POLICY

REF: STATE 095673

1. IN OUR VIEW, ANY POLICY TO INCREASE AMERICAN EXPORTS MUST
NECESSARILY REST ON THREE PILLARS:

A. INCREASED EXPORT AWARENESS BY AMERICAN BUSINESS,

B. PROVISION OF FINANCIAL INCENTIVES FOR THOSE SELLING
ABROAD, AND

C. NEW AND EXPANDED USG PROMOTIONAL VEHICLES.

2. DOMESTIC AWARENESS:

ANY PROGRAM TO INCREASE DOMESTIC EXPORT AWARENESS SHOULD FOCUS
ALMOST EXCLUSIVELY ON THOSE INDUSTRIES OR INDUSTRIAL SEGMENTS
WHICH CAN BE IDENTIFIED AS HAVING HIGH BUT UNREALIZED EXPORT
POTENTIAL. ONCE THESE INDUSTRIES ARE SELECTED BY A PROCESS
OF ANALYSIS AND ELIMINATION, COMMERCE SHOULD ASSIGN FULLTIME
"ACCOUNT-EXECUTIVES" TO WORK CLOSELY WITH TRADE ASSOCIATIONS AND
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JOURNALS IN EACH GROUP. STATE INDUSTRIAL/EXPORT PROMOTIONAL
OFFICES COULD ALSO BE INCLUDED. THIS CASE WORKER APPROACH WOULD
FAMILIARIZE USG WITH TARGET INDUSTRIES AND GAIN CONFIDENCE OF
KEY FIGURES WITHIN EACH TARGET INDUSTRY TO ENLIST THEIR SUPPORT
FOR PARTICIPATING IN USG EXPORT VEHICLES. COMMERCE FIELD OFFICES
COULD EASILY BE FACTORED IN TO THIS FOCUSED APPROACH BOTH IN
IDENTIFYING BEST LOCAL INDUSTRY EXPORTER PROSPECTS, WORKING WITH

APPROPRIATE LOCAL ASSOCIATIONS AND PUBLICATIONS AND DISSEMINATING APPROPRIATE EXPORT MARKETING DATA. AS CAVEAT, WE HAVE NOTED HERE AT MILAN TRADE CENTER THAT MANY US FIRMS HAVING SALEABLE PRODUCTS ARE SIMPLY TOO SMALL IN EITHER PRODUCTION VOLUME OR SALES FORCE TO HANDLE EXPORTS SUCCESSFULLY. ITALIAN IMPORTERS ARE GENERALLY VERY SUSPICIOUS OF THE ABILITY OF THIS KIND OF FIRM TO SUSTAIN INTEREST IN EXPORTING AND MAINTAIN NEEDED FLOWS OF PARTS, SPARES AND KNOW-HOW. HOWEVER THESE COMPANIES MIGHT BE INCLUDED IN AN EXPANDED PROGRAM OF SUPPORT AND BENEFITS FOR EXPORT MANAGEMENT COMPANIES (EMCI). INCENTIVES FOR INCREASED "PIGGY BACKING" WITH LARGER COMPANIES MIGHT ALSO HELP PICK THESE FIRMS UP AS EXPORTERS.

3. FINANCIAL INCENTIVES:

USG SHOULD OFFER EVERY REASONABLE INCENTIVE FOR EXPORT ENCOURAGEMENT PARTICULARLY TO MEDIUM-SIZED, NEW-TO-EXPORT FIRMS FOR WHICH INDUCEMENTS WOULD APPEAR PARTICULARLY INDICATED. MAINTENANCE OF TAX ARRANGEMENTS SUCH AS DISC, EXPANSION OF EXIM FINANCING POSSIBILITIES AND TAX DEDUCTIONS FOR TRAVEL, LODGING AND OTHER EXPORT-ORIENTED EXPENSES MIGHT BE AMONG INDUCEMENTS. DIRECT PAYMENT FOR AIR FARES AND LIVING EXPENSES FOR SELECTED TRADE ASSOCIATIONS AND NEW TO EXPORT COMPANIES PARTICIPATING IN USG EXHIBITS COULD ALSO BE INVESTIGATED.

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4. USG PROMOTIONS:

EXISTING PROGRAM OF USG EXPORT PROMOTIONAL VEHICLES SHOULD BE EXPANDED IN NUMBERS OF EVENTS AND FUNDING, BUT SLIGHTLY MODIFIED TO ACCOMMODATE PREVIOUSLY SUGGESTED PROGRAMS. FOR EXAMPLE, CASE OFFICERS IN THE VERTICALLY STRUCTURED INDUSTRY AWARENESS PROGRAM (PARA 2) COULD ORGANIZE AND "DELIVER" PACKAGED TRADE SHOWS, OR TRADE MISSIONS TO OIM. PARTICIPATING ASSOCIATIONS OR INDUSTRIAL GROUPS COULD AS INCENTIVE BE ACCORDED ATTRACTIVE EXHIBIT FEES AND "FRINGE BENEFITS" INCLUDING DIRECT PAYMENTS MENTIONED IN PARA 3. EACH "PACKAGE" SHOW (OR FOR THAT MATTER ANY EXPORT EXPANSION EVENT) COULD BE ACCOMPANIED BY ITS OWN BUILT-IN EXIM CREDIT LINE OR FCIA INSURANCE TO ASSIST EXPORT SALES DURING THE EVENT. TRANSFORMATION OF SEVERAL EXISTING TRADE CENTERS (INCLUDING MILAN) TO INT'L MARKETING CENTER STATUS IS VERY MUCH A STEP IN RIGHT DIRECTION - GREATER FLEXIBILITY FOR EXISTING CENTER FACILITIES IS CERTAINLY WELCOME AND SEEMS MUCH MORE COST-EFFECTIVE. HOWEVER COULD NOT SAME FLEXIBILITY BE EXTENDED TO EMBASSIES AND CONSULATES? FOR EXAMPLE THEY, ALONG WITH TRADE CENTERS, COULD OFFER VALUABLE LOGISTIC ASSISTANCE TO NEW-TO-MARKET US EXPORTERS EXHIBITING AT SHOWS IN THEIR AREA BUT NOT AS PART OF OFFICIAL USG EVENT. FOREIGN SERVICE

POSTS SHOULD ALSO BE ALLOTTED ADDITIONAL COMMERCIAL FUNDS AND POSSIBLY COMMERCIAL STAFF TO STAGE MINI-SHOWS (INCLUDING CATALOGUE) WITHIN THEIR COUNTRIES AND TAILORED FOR THEIR NATIONAL MARKETS. THIS WOULD INCREASE (OR OPEN UP) EXPOSURE IN MANY MARKETS AND ENGAGE OUR POSTS MORE FULLY IN ANY EXPORT MARKETING EFFORT. IN ANY EVENT TASK FORCE SHOULD KEEP IN MIND THAT USG HAS WHAT ASSOCIATIONS OR POTENTIAL EXPORTERS LACK - A PERMANENT IN PLACE OVERSEAS EXPORT DELIVERY SYSTEM THAT CAN HELP THEM TO HELP US ACHIEVE AMERICAN EXPORT POLICY GOALS.

5. FINALLY, ANY SERIOUS LOOK AT IMPROVING OUR EXPORT POSITION MUST INCLUDE CAREFUL EXAMINATION OF THE PENDING RIBICOFF BILL OR OTHER ARRANGEMENTS THAT WOULD CONSOLIDATE AND COORDINATE USG AGENCIES
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CONCERNED WITH EXPORTS, TRADE POLICY AND EXPORT FINANCING. SUGGESTIONS MADE IN THIS CABLE IMPLY A MORE INTIMATE RELATIONSHIP BETWEEN USG EXPORT EFFORTS AND AMERICAN BUSINESS. AFTER STUDY IT MAY WELL PROVE MORE EFFICIENT TO REFINE AND EXPAND EXISTING STATE-COMMERCE EFFORTS RATHER THAN CREATE AN AMERICAN MITI. NONETHELESS THIS POSSIBILITY SHOULD NOT BE OVERLOOKED AS A POSSIBLE APPROACH TO OUR LONG-TERM EXPORT GOALS.FINA

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: EXPORTS
Control Number: n/a
Copy: SINGLE
Draft Date: 09 may 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 jan 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978MILAN00705
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780196-0496
Format: TEL
From: MILAN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780576/aaaacnbk.tel
Line Count: 146
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: bdfbb0a1-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 78 STATE 95673
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 29 mar 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2742377
Secure: OPEN
Status: NATIVE
Subject: INTERAGENCY TASK FORCE FOR NATIONAL EXPORT POLICY
TAGS: BEXP, ETRD, IT
To: STATE
Type: TE
vdkgvwkey: odbs://SAS/SAS.dbo.SAS_Docs/bdfbb0a1-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014